

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 2067-01  
Bill No.: HB 924  
Subject: Economic Development; Cities, Towns and Villages; Economic Development  
Department; Business and Commerce  
Type: Original  
Date: April 13, 2011

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Bill Summary: This proposal modifies provisions relating to the Missouri Quality Jobs Act.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
General Revenue	(Unknown)	(Unknown)	(Unknown)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(Unknown)</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 5 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials at the **Department of Economic Development** assume that this proposal increases the number of applicants for the tax credit however, the cap on the tax credit remains the same therefore, resulting in no fiscal impact from this proposal.

Officials at the **Department of Revenue** assume that the department's response to a proposal similar to or identical to this one in a previous session indicated the department planned to absorb the administrative costs to implement the proposal. Due to budget constraints, reduction of staff and the limitations within the department's tax systems, changes cannot be made without significant impact to the department's resources and budget. Therefore, the IT portion of the fiscal impact is estimated with a level of effort valued at \$71,232 which is 2,688 FTE hours.

**Oversight** assumes OA-ITSD (DOR) is provided with core funding to handle a certain amount of activity each year. Oversight assumes OA-ITSD (DOR) could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, OA-ITSD (DOR) could request funding through the appropriation process.

**DOR** assumes beginning August 28, 2011, in addition to the exemptions granted under Chapter 144, the Department may approve a qualified company for an exemption of up to 100% of the state sales and use taxes not to exceed three years from the date of approval of sales and leases of tangible personal property purchased for use in the project facility and of sales and leases of tangible personal property and materials for the purpose of constructing, repairing, or remodeling the project facility. Tax credits and exemptions allowed by this legislation will create an unknown, negative impact on Total State Revenue.

Officials at the **Department of Insurance, Financial Institutions and Professional Registration** assume that there is no fiscal impact from this proposal.

**Oversight** assumes the extension of the job retention tax credits from August 30, 2013, to August 30, 2015 is outside the fiscal note period and is not shown.

<u>FISCAL IMPACT - State Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
<b>GENERAL REVENUE</b>			
<u>Loss - Department of Revenue</u> sales and use tax exemption	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>
 <u>FISCAL IMPACT - Local Government</u>	 FY 2012 (10 Mo.)	 FY 2013	 FY 2014
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

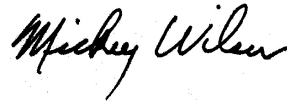
FISCAL DESCRIPTION

This bill extends the issuance of job retention tax credits from August 30, 2013, to August 30, 2015, and authorizes economic incentives for job retention projects within high-risk metropolitan statistical areas as defined in the bill under the Missouri Quality Jobs Program for qualified companies that retain a specified number of existing jobs and make a specified amount of new capital investments. The economic incentives can be in the form of retaining taxes otherwise withheld from retained jobs, tax credits, or sales and use tax exemptions. The bill specifies the requirements for a qualified company to receive benefits under the program, how the benefits will be calculated, and penalties for failure to meet any requirements under the program. If a qualified company receives benefits for a job retention project within a high-risk metropolitan statistical area under the Missouri Quality Jobs Program, it cannot receive any tax credit or exemption or retain withholding taxes under the Manufacturing Jobs Act, Section 620.1910, RSMo.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Economic Development  
Department of Insurance, Financial Institutions and Professional Registration  
Department of Revenue

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA  
Director  
April 13, 2011